

ASSEMBLY BILL

No. 1105

Introduced by Assembly Member Blakeslee

February 27, 2009

An act to add Chapter 5.6 (commencing with Section 25460) to Division 15 of the Public Resources Code, relating to energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1105, as introduced, Blakeslee. Energy: Building Energy Retrofit Revolving Loan Program.

(1) Existing law establishes various grant, loan, and loan guarantee programs that are administered by the State Energy Resources Conservation and Development Commission to provide assistance to private and public entities to maximize energy use savings in existing and planned buildings and facilities.

This bill would require the commission to implement the Building Energy Retrofit Revolving Loan Program to provide loans for energy conservation projects retrofitting nonresidential buildings built before July 1, 1978. The bill would create the Building Energy Retrofit Revolving Loan Program Fund in the State Treasury that would be continuously appropriated to the commission for the implementation of the program, thereby making an appropriation. The bill would require that moneys from the federal American Recovery and Reinvestment Act of 2009 that are appropriated to the commission be transferred to the fund as authorized by federal law.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 5.6 (commencing with Section 25460)
2 is added to Division 15 of the Public Resources Code, to read:

3
4 CHAPTER 5.6. BUILDING ENERGY RETROFIT REVOLVING LOAN
5

6 25460. As used in this chapter, the following terms shall have
7 the following meanings:

8 (a) "Allocation" means a loan of funds by the commission
9 pursuant to the procedures specified in this chapter.

10 (b) "Eligible building" means a nonresidential building built
11 prior to July 1, 1978.

12 (c) "Energy conservation measure" means an installation or
13 modification of an installation in a building that is primarily
14 intended to retrofit the building to meet the standards established
15 pursuant to Section 25402.

16 (d) "Energy conservation project" means an undertaking to
17 acquire and to install one or more energy conservation measures
18 in a building

19 25460.1. The commission shall implement a Building Energy
20 Retrofit Revolving Loan Program to provide a source of funding
21 for an owner of an eligible building to implement energy
22 conservation measures.

23 25460.2. (a) The Building Energy Retrofit Revolving Loan
24 Fund is hereby created in the State Treasury and shall be
25 administered by the commission. Notwithstanding Section 13350
26 of the Government Code, moneys from the fund shall be
27 continuously appropriated to the commission for the purposes of
28 this chapter.

29 (b) Any moneys or portion of moneys received from the federal
30 government and appropriated to the commission for purposes of
31 the federal American Recovery and Reinvestment Act of 2009
32 shall be deposited into the fund.

33 (c) The moneys from any loan repayment and fees, including,
34 but not limited to, principal and interest repayments, fees and
35 points, recovery of collection costs, income earned on any asset
36 recovered pursuant to a loan default, and money collected through
37 foreclosure actions, shall be deposited into the fund.

1 (d) All interest accruing on interest payments from loan
2 applicants shall be deposited into the fund.

3 (e) The commission may set aside moneys in the fund for the
4 purposes of paying costs necessary to protect the state's position
5 as a lender-creditor. These costs shall be broadly construed to
6 include, but not be limited to, foreclosure expenses, auction fees,
7 title searches, appraisals, real estate brokerage fees, attorney's
8 fees, mortgage payments, insurance payments, utility costs, repair
9 costs, removal and storage costs of repossessed equipment and
10 inventory, and additional expenditures to purchase a senior lien in
11 foreclosure or bankruptcy proceedings.

12 25460.3. (a) An owner or operator of an eligible building to
13 which an allocation has been made under this chapter shall repay
14 the principal amount of the allocation, plus interest over time in
15 accordance with terms established by the commission, but in no
16 event may the term exceed 15 years.

17 (b) Notwithstanding other laws, the commission shall
18 periodically set interest rates on the allocations based on surveys
19 of existing financial markets, unless it determines that the purpose
20 of this chapter would be better served by establishing an alternative
21 schedule, and shall set rates at not less than 3 percent per annum.

22 25460.4. The loan agreement between the commission and the
23 owner of an eligible building shall have terms that include, but are
24 not limited to, all of the following:

25 (a) A description of the energy conservation project being
26 funded by the allocation.

27 (b) A payment schedule for the repayment of the allocation plus
28 interest.

29 (c) A term requiring the repayment of the allocation regardless
30 of the success of the energy conservation project.

31 25460.5. (a) An allocation made by the commission shall be
32 secured by a lien on the building in which the energy conservation
33 measure is being implemented.

34 (b) Upon the provision of an allocation to an owner of an eligible
35 building, the commission shall record a lien on the building with
36 the county recorders office of the county in which the building is
37 located.

38 (c) Upon the full repayment of the principal and interest, the
39 commission shall release the lien filed pursuant to subdivision (b).

1 25460.6. Upon the discovery that the owner receiving an
2 allocation pursuant to this chapter has used the allocation or
3 portions of the allocation for purposes other than the
4 implementation of the energy conservation project, the outstanding
5 principal and accrued interest shall immediately be due and owed
6 to the commission.

7 25460.7. The commission shall establish and collect a fee for
8 each application for an allocation authorized by the chapter. The
9 application fee shall be set at a level that is sufficient to fund the
10 commission's costs of processing the applications for allocations.
11 In addition, the commission shall establish a schedule of fees, or
12 points for loans that are entered into by the commission, to fund
13 the commission's administration of the program.